

Entered July 28, 1981  
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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7295  
Order No. R-2429-D

APPLICATION OF GULF OIL CORPORATION  
FOR RESCISSION OF DIVISION ORDER  
NO. R-2429-C, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of July, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2429-A, entered March 27, 1963, in Case No. 2737, the Division promulgated special pool rules for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, including a provision for 640-acre well spacing and proration units and specified well locations.

(3) That by Order No. R-2429-B, entered April 13, 1964, the Division continued said special pool rules in full force and effect until further order of the Division.

(4) That as a result of Case No. 7208 and by its Order No. R-2429-C entered April 7, 1981, the Division amended said special pool rules to provide for 320-acre well spacing and proration units and specified well locations.

(5) That said amendment of the special pool rules resulted from testimony and findings in said Case that the existing wells



-2-

Case No. 7295

Order No. R-2429-D

in said pool were not effectively and efficiently draining the 640-acre proration units dedicated to them.

(6) That such findings are contained in Findings Nos. (5), (6), (7), (8), and (10) of said Order No. R-2429-C, which are hereby incorporated herein by reference.

(7) That subsequent to the entry of said Order No. R-2429-C it was determined that the change in spacing unit size would result in loss of some leases formerly dedicated to communitized 640-acre proration units and other disturbances of historical equities under the preexisting proration units within said White City-Pennsylvanian Gas Pool.

(8) That the net result of the conditions outlined in Finding No. (7) above would be to deprive owners of their correlative rights within said pool.

(9) That the correlative rights of the owners within said pool may be protected and effective and efficient drainage therefrom may be provided by permitting the infill drilling of additional wells on each 640-acre proration unit.

(10) That no more than two wells should be permitted to produce from any 640-acre proration unit within said pool without permission of the Director of the Division.

(11) That the special pool rules for the White City-Pennsylvanian Gas Pool should apply only within the boundaries of said pool.

(12) That the location of any well drilling or approved to be drilled within or within one mile of the White City-Pennsylvanian Gas Pool which location corresponds to that provided by said special pool rules should be approved.

(13) That approval of the proposed rescission of Order No. R-2429-C, provision for infill drilling, and limitation of special pool rules will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-2429-C is hereby rescinded and is of no effect whatsoever.

(2) That Rule 2 of the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico,



-3-

Case No. 7295

Order No. R-2429-D

as promulgated by Division Orders Nos. R-2429-A and R-2429-B, is hereby amended to read in its entirety as follows:

"RULE 2. A. Each well completed or recompleted in the White City-Pennsylvanian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

B. Nothing in this rule shall be construed as prohibiting the drilling of additional wells on a standard proration unit provided that there shall be no more than two producible wells on any one proration unit at one time.

C. That for good cause shown the Director of the Division may waive the requirements of Rule 2B. above."

(3) That a new Rule 6 is hereby added to said special rules and regulations to read in its entirety as follows:

"RULE 6. That these special rules shall apply only within the horizontal limits of the White City-Pennsylvanian Gas Pool as they are defined below and as they may from time to time be amended.

HORIZONTAL LIMITS  
WHITE CITY-PENNSYLVANIAN GAS POOL  
EDDY COUNTY, NEW MEXICO

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Sections 8 and 9: All  
Sections 15 through 17: All  
Sections 19 through 22: All  
Sections 28 through 30: All  
Sections 32 through 35: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Sections 1 through 4: All  
Sections 10 through 12: All"

(4) That the location of any well drilling or previously approved to be drilled within or within one mile of the White City-Pennsylvanian Gas Pool which location meets the requirements of Rule 4 of said special rules and regulations is hereby approved.



-4-

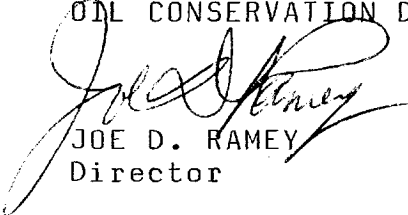
Case No. 7295  
Order No. R-2429-D

(5) That the effective date of this order and of the rescissions, rule changes, and rule additions included herein shall be April 1, 1981.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JOE D. RAMEY  
Director

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